

R#3396

RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF \$3,320,000 AGGREGATE PRINCIPAL AMOUNT OF BLUE RIDGE UNIFIED SCHOOL DISTRICT NO. 32 OF NAVAJO COUNTY, ARIZONA SCHOOL IMPROVEMENT BONDS (PROJECTS OF 1994), SERIES 1996, AND \$90,000 AGGREGATE PAYMENT AMOUNT OF SUPPLEMENTAL INTEREST CERTIFICATES WITH RESPECT THERETO; PROVIDING FOR THE ANNUAL LEVY OF A TAX FOR THE PAYMENT OF THE SERIES 1996 BONDS AND THE CERTIFICATES; APPOINTING A BOND REGISTRAR AND PAYING AGENT WITH RESPECT TO THE SERIES 1996 BONDS AND THE CERTIFICATES AND APPROVING THE FORM OF AN AGREEMENT FOR SUCH BOND REGISTRAR AND PAYING AGENT; MAKING CERTAIN FINDINGS, CERTIFICATIONS AND COVENANTS; ACCEPTING A PROPOSAL FOR THE PURCHASE OF THE SERIES 1996 BONDS AND THE CERTIFICATES AND APPROVING A BOND PURCHASE AGREEMENT AND AUTHORIZING ITS EXECUTION; RATIFYING ALL ACTIONS TAKEN WITH RESPECT TO THE PREPARATION AND DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT; APPROVING A FORM OF OFFICIAL STATEMENT; AUTHORIZING THE CHAIRMAN TO EXECUTE THE OFFICIAL STATEMENT; AND AUTHORIZING DISTRIBUTION OF THE OFFICIAL STATEMENT

WHEREAS, by the vote of a majority of the qualified electors of Blue Ridge Unified School District No. 32 of Navajo County, Arizona (the "District"), voting at a special bond election held in and for the District on March 8, 1994 (the "Election"), the issuance of \$19,400,000 aggregate principal amount of school improvement bonds of the District has been authorized; and

WHEREAS, the Governing Board of the District has requested this Board of Supervisors of Navajo County, Arizona (this "Board"), to issue (1) bonds in the aggregate principal amount of \$3,320,000 and (2) "B" supplemental interest certificates in the aggregate payment amount of \$90,000, in each case for the purpose of making school improvements in accordance with the authority granted at the Election; and

WHEREAS, the Governing Board of the District has received a bid from Rauscher Pierce Refsnes, Inc. (the "Underwriter"), and the District has requested that such bonds and certificates be sold through negotiation to the Underwriter;

NOW, THEREFORE, IT IS RESOLVED BY THE BOARD OF SUPERVISORS OF NAVAJO COUNTY, ARIZONA, AS FOLLOWS:

Section 1. Authorization.

(A) There is hereby authorized to be issued and sold a series of bonds of the District in the aggregate principal amount of \$3,320,000 to be designated "Blue Ridge Unified School District No. 32 of Navajo County, Arizona School Improvement Bonds (Projects of 1994), Series 1996" (the "Bonds"), to bear interest designated "A" interest, all in accordance with this Resolution and applicable law.

(B) There is hereby further authorized to be issued and sold in connection therewith "B" supplemental interest certificates designated as "Supplemental Interest Certificates" in the aggregate payment amount of \$90,000 (the "Certificates"), to bear interest designated "B" interest, all in accordance with this Resolution and applicable law.

(C) Unless specified or unless the context otherwise requires, all references herein to "interest on the Bonds" shall be deemed to include both "A" and "B" interest on the Bonds.

Section 2. Terms.

(A) (1) The Bonds shall be dated as of July 1, 1996.

(2) The Bonds shall (i) bear interest designated "A" interest at the respective rates from their date to the maturity or prior redemption of each Bond, payable commencing on January 1, 1997, and semiannually thereafter on July 1 and January 1 of each year (the "interest payment dates") and (ii) mature on July 1 in the years and the principal amounts, in each case as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Per Annum "A" Interest Rate</u>
1997	\$ 375,000	4.00%
1998	55,000	4.35
2014	2,890,000	5.80

(3) The Bonds shall be issued in the denomination of \$5,000 of principal amount or integral multiples thereof and only in fully registered form.

(4) The principal of and premium, if any, on the Bonds shall be payable at maturity or prior redemption upon presentation and surrender thereof at the principal corporate trust

office of the "Bond Registrar and Paying Agent" (as such term is hereinafter defined).

(5) Interest on the Bonds designated "A" interest shall be payable by check, dated as of the interest payment date, mailed to the registered owner thereof, as shown on the registration books maintained by the Bond Registrar and Paying Agent at the address appearing therein at the close of business on the fifteenth (15th) day of the month next preceding that interest payment date (the "regular record date"). Any "A" interest on a Bond which is not timely paid or duly provided for shall cease to be payable to the registered owner thereof (or of one or more predecessor Bonds) as of the regular record date, and shall be payable to the registered owner thereof (or of one or more predecessor Bonds) at the close of business on a special record date for the payment of that overdue "A" interest. The special record date shall be fixed by the Bond Registrar and Paying Agent whenever moneys become available for payment of the overdue "A" interest, and notice of the special record date shall be given to the registered owners of Bonds not less than ten (10) days prior thereto.

(6) Payment of "A" interest on the Bonds and, if adequate provisions for surrender are made, principal of and premium, if any, on the Bonds may be made by wire transfer upon two days' prior written request to the Bond Registrar and Paying Agent specifying the wire address in the continental United States by any registered owner owning an aggregate principal amount of at least \$1,000,000 of Bonds.

(7) The principal of and premium, if any, and "A" interest on the Bonds shall be payable in lawful money of the United States of America.

(B) (1) In addition to the "A" interest indicated above, the Bonds shall bear supplemental "B" interest during the interest accrual period, payable on the date and in the amount, in each case as follows:

<u>Interest Accrual Period</u>	<u>"B" Interest Payment Date</u>	<u>Amount of "B" Interest Payable on "B" Interest Payment Date</u>
July 17, 1996 through December 31, 1996	January 1, 1997	\$45,000
January 1, 1997 through June 30, 1997	July 1, 1997	\$45,000

(2) Such "B" interest shall be represented by separate Certificates which shall be owned, transferred, and presented for payment separately from the Bonds and shall represent that portion of "B" interest on the Bonds coming due for the inter-

est accrual period specified above which the registered owners thereof are entitled to receive.

(3) The Certificates shall be dated as of their initial date of delivery.

(4) The Certificates shall be issued in the denomination of \$1,000 of "B" interest due on the "B" interest payment date or integral multiples thereof and only in fully registered form.

(5) The "B" interest represented by the Certificates shall be payable in lawful money of the United States of America to the registered owner of each Certificate, upon presentation and surrender at the principal corporate trust office of the Bond Registrar and Paying Agent.

Section 3. Prior Redemption.

(A) The Bonds maturing on July 1, 1997 and on July 1, 1998 are not subject to redemption prior to maturity. The Bonds maturing on July 1, 2014 are subject to redemption prior to maturity, in whole or in part, on July 1, 2006, or on any interest payment date thereafter by the payment of a redemption price equal to the principal amount of each Bond redeemed plus interest accrued to the date fixed for redemption plus a premium (calculated as a percentage of the principal amount of such Bonds to be redeemed) to be computed as follows:

<u>Redemption Dates</u>	<u>Premium</u>
July 1, 2006 and January 1, 2007	1.0%
July 1, 2007 and thereafter without premium	

(B) (1) The Bonds maturing on July 1, 2014, shall be redeemed prior to maturity on July 1, in the years and amounts set forth below, by the payment of the principal amount of each Bond to be redeemed plus interest accrued to the date fixed for redemption, but without premium:

<u>Year</u>	<u>Principal Amount</u>
2012	\$ 305,000
2013	1,500,000

A remaining principal amount of \$1,085,000 of the Bonds maturing on July 1, 2014, shall mature on July 1, 2014.

(2) Not more than seventy-five (75) nor less than sixty (60) days prior to the mandatory redemption date for the Bonds maturing on July 1, 2014, the Bond Registrar and Paying Agent shall proceed to select for redemption (by lot in such manner as the Bond Registrar and Paying Agent may determine) from all the

Bonds maturing on July 1, 2014, outstanding a principal amount of the Bonds maturing on July 1, 2014, equal to the aggregate principal amount of the Bonds maturing on July 1, 2014, to be redeemed and shall redeem such Bonds maturing on July 1, 2014, for redemption of the next July 1 and give notice of such redemption.

(C) Notice of redemption of any Bond shall be mailed by first class mail, postage prepaid, not more than sixty (60) nor less than thirty (30) days prior to the date set for redemption to the registered owner of the Bond or Bonds being redeemed at the address shown on the registration books maintained by the Bond Registrar and Paying Agent. Failure to properly give such notice of redemption shall not affect the redemption of any Bond for which notice was properly given.

(D) On the date designated for redemption by notice given as herein provided, the Bonds or portions thereof to be redeemed shall become and be due and payable at the redemption price for such Bonds or such portions thereof on such date, and, if moneys for payment of the redemption price are held in a separate account by the Bond Registrar and Paying Agent, interest on such Bonds or such portions thereof shall cease to accrue, such Bonds or such portions thereof shall cease to be entitled to any benefit or security hereunder, the registered owners of such Bonds or such portions thereof shall have no rights in respect thereof except to receive payment of the redemption price thereof and accrued interest thereon and such Bonds or such portions thereof shall be deemed paid and no longer outstanding.

(E) The District may redeem any amount which is included in a Bond in the denomination in excess of, but divisible by, \$5,000. In that event, the registered owner shall submit the Bond for partial redemption and the Bond Registrar and Paying Agent shall make such partial payment and shall cause to be issued a new Bond in a principal amount which reflects the redemption so made, to be authenticated and delivered to the registered owner thereof.

Section 4. Security. For the purpose of paying the principal of, interest on (including that evidenced by the Certificates), premium, if any, on early redemption on and costs of administration of the registration and payment of the Bonds, there shall be levied on all the taxable property in the District a continuing, direct, annual, ad valorem tax sufficient to pay all such principal, interest, premium and administration costs of and on the Bonds and the Certificates as the same become due, such taxes to be levied, assessed and collected at the same time and in the same manner as other taxes are levied, assessed and collected. Taxes in an amount sufficient to pay the interest on all Bonds (including that evidenced by the Certificates) then outstanding, the installments of the principal of the Bonds becoming due and payable in the ensuing year, and the annual portion of such sinking fund as may be set up for retirement of the Bonds, shall be levied, assessed and collected as other taxes of the District. The proceeds of such taxes shall be kept in a special fund entitled the "Debt Service

Fund" of the District and shall be used only for the payment of principal, interest, premium, if any, or costs as above-stated.

Section 5. Use of Proceeds. The net proceeds from the sale of the Bonds and the Certificates, after payment of the expenses of issuance, shall be set aside and deposited by the County Treasurer of Navajo County, Arizona (the "County Treasurer"), in a separate fund entitled the "Building Fund" of the District. This Resolution shall be construed as consent of this Board to invest such funds, pending use, in any of the securities allowed by Section 15-1025, Arizona Revised Statutes, as amended. The proceeds of the Bonds and the Certificates shall be expended only for the purpose set forth in the ballot used at the Election.

Section 6. Form of Bonds and Certificates.

(A) Pursuant to Section 35-491, Arizona Revised Statutes, as amended, a fully registered bond form and certificate form, respectively, is adopted as an alternative to the form of bond provided in Section 15-1023, Arizona Revised Statutes, as amended. The Bonds (including the form of certificate of authentication and form of assignment therefor) shall be in substantially the form set forth in Exhibit A attached hereto. The Certificates (including the form of certificate of authentication and form of assignment therefor) shall be in substantially the form set forth in Exhibit B attached hereto. There may be such necessary and appropriate omissions, insertions and variations as are permitted or required hereby and are approved by those officers executing the Bonds and the Certificates in such form. Execution thereof by such officers shall constitute conclusive evidence of such approval.

(B) The Bonds and the Certificates may have notations, legends or endorsements required by law, securities exchange rule or usage. Each Bond and each Certificate shall show both the date of the issue and the date of authentication and registration of each Bond and each Certificate.

(C) The Bonds and the Certificates are prohibited from being converted to coupon or bearer Bonds or Certificates, respectively, without the consent of this Board and approval of Bond Counsel to the District.

Section 7. Execution of Bonds and Certificates.

(A) The Bonds and the Certificates shall be executed for and on behalf of the District by the President and attested by the Clerk of the Governing Board and countersigned by the Chairman of this Board. Any or all of such signatures may be by mechanical reproduction.

(B) If an officer whose signature is on a Bond or a Certificate no longer holds that office at the time such Bond or such Certificate is authenticated and registered, the Bond or the Certificate, as the case may be, shall nevertheless be valid.

(C) A Bond or a Certificate shall not be valid or binding until authenticated by the manual signature of an authorized representative of the Bond Registrar and Paying Agent. The signature of the authorized representative of the Bond Registrar and Paying Agent shall be conclusive evidence that the Bond or the Certificate, as the case may be, has been authenticated and issued pursuant to this Resolution.

Section 8. Mutilated, Lost or Destroyed Bonds or Certificates. In case any Bond or any Certificate becomes mutilated or destroyed or lost, the District shall cause to be executed and delivered a new Bond or new Certificate, as the case may be, of like type, date, maturity and tenor in exchange and substitution for and upon the cancellation of such mutilated Bond or mutilated Certificate, as the case may be, or in lieu of and in substitution for such Bond or such Certificate, as the case may be, destroyed or lost, upon the registered owner paying the reasonable expenses and charges of the District in connection therewith and, in the case of the Bond or the Certificate, as the case may be, destroyed or lost, filing with the Bond Registrar and Paying Agent by the registered owner evidence satisfactory to the Bond Registrar and Paying Agent that such Bond or such Certificate, as the case may be, was destroyed or lost, and furnishing the Bond Registrar and Paying Agent with a sufficient indemnity bond pursuant to Section 47-8405, Arizona Revised Statutes, as amended.

Section 9. Acceptance of Proposal.

(A) The proposal of the Underwriter for the purchase of the Bonds and the Certificates is hereby accepted, and the Bonds and the Certificates are hereby ordered sold to the Underwriter in accordance with the terms of the Bond and Certificate Purchase Agreement presented to this Board at this meeting (the "Bond and Certificate Purchase Agreement"). The execution of the Bond and Certificate Purchase Agreement on behalf of this Board by the Chairman of this Board is hereby approved, ratified and confirmed.

(B) The County Treasurer is hereby authorized and directed to cause the Bonds and the Certificates to be delivered to the Underwriter upon receipt of payment therefor and satisfaction of the other conditions for delivery thereof in accordance with the terms of the sale.

Section 10. Official Statement. The distribution and use of the Preliminary Official Statement relating to the Bonds and the Certificates is in all respects hereby ratified, approved and confirmed. The Underwriter is authorized to prepare or cause to be prepared a final Official Statement for use in connection with the offering and sale of the Bonds and the Certificates.

Section 11. Bond Registrar and Paying Agent.

(A) Initially, Wells Fargo Bank of Arizona, N.A., is appointed as initial Bond Registrar and Paying Agent with respect to the Bonds and the Certificates, and the County Treasurer is hereby authorized and directed to enter into a contract therewith covering such services. The Bond Registrar and Paying Agent shall maintain the registration books of the District for the registration of ownership of each Bond and each Certificate.

(B) A Bond or a Certificate may be transferred on the registration books upon delivery and surrender of the Bond or the Certificate, as the case may be, to the Bond Registrar and Paying Agent, accompanied by a written instrument of transfer in form and with guaranty of signature satisfactory to the Bond Registrar and Paying Agent, duly executed by the registered owner of the Bond or the Certificate, as the case may be, to be transferred or his attorney-in-fact or legal representative, containing written instructions as to the details of the transfer of the Bond or the Certificate, as the case may be. No transfer of any Bond or any Certificate shall be effective until entered on the registration books.

(C) In the event of the transfer of a Bond, the Bond Registrar and Paying Agent shall enter the transfer of ownership in the registration books and shall authenticate and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of the same type and maturity and of the authorized denominations (except that no Bond shall be issued which relates to more than a single principal maturity) for the aggregate principal amount which the registered owner is entitled to receive at the earliest practicable time in accordance with the provisions of this Resolution.

(D) In the event of the transfer of a Certificate, the Bond Registrar and Paying Agent shall enter the transfer of ownership in the registration books and shall authenticate and deliver in the name of the transferee or transferees a new fully registered Certificate or Certificates of the authorized denominations for the aggregate amount of "B" interest which the registered owner is entitled to receive at the earliest practicable time in accordance with the provisions of this Resolution.

(E) All costs and expenses of initial registration and payment of the Bonds and the Certificates shall be borne by the District, but the District and the Bond Registrar and Paying Agent shall charge the registered owner of such Bond or such Certificate, as the case may be, for every subsequent transfer of a Bond or a Certificate, as the case may be, an amount sufficient to reimburse them for any transfer fee, tax or other governmental charge required to be paid with respect to such transfer and may require that such transfer fee, tax or other governmental charge be paid before any such Bond or such Certificate, as the case may be, shall be delivered.

(F) The District and the Bond Registrar and Paying Agent shall not be required to issue or transfer any Bond during a period beginning with the opening of business on the fifteenth (15th) business day next preceding any interest payment date and ending with the close of business on the interest payment date.

Section 12. Resolution a Contract. This Resolution shall constitute a contract between the District and the registered owners of the Bonds and shall not be repealed or amended in any manner which would impair, impede or lessen the rights of the registered owners of the Bonds then outstanding.

Section 13. Federal Tax Law Covenants.

(A) In consideration of the purchase and acceptance of the Bonds and the Certificates by the registered owners thereof from time to time and of retaining the exclusion from gross income for federal income taxes of the interest income on the Bonds including that evidenced by the Certificates, and as authorized by Title 35, Chapter 3, Article 7, Arizona Revised Statutes, as amended, the County covenants, and the appropriate officials of the County are hereby directed, to take all action required, or to refrain from taking any action prohibited, by the Internal Revenue Code of 1986, as amended, and the applicable Treasury Regulations promulgated with respect to applicable sections thereof (collectively, the "Code"), which would adversely affect in any respect such exclusion, including, particularly, but not by way of limitation, (i) to cause the Bonds to not be "private activity" bonds within the meaning of the Code (Section 141(a) of the Code), (ii) to cause the Bonds to not be "arbitrage bonds" within the meaning of the Code (Section 148(a) of the Code) or to not be valid "reimbursement bonds" for purposes of the Code if any proceeds of the sale of the Bonds are being used to reimburse prior expenditures (Section 1.150-2 of the Treasury Regulations), (iii) to comply with the provisions of the Code relating to rebate (Section 148(f) of the Code), (iv) to cause the Bonds not to be "federally guaranteed" within the meaning of the Code (Section 149(b) of the Code), (v) to make the required information filing pursuant to the Code (Section 149(e) of the Code), and (vi) to make the required expenditures so that the Bonds shall not be deemed to be "hedge bonds" within the meaning of the Code (Section 149(g) of the Code).

(B) This Board hereby designates the Bonds (including the interest thereon evidenced by the Certificates) as "qualified tax-exempt obligations" within the meaning of and pursuant to the provisions of Section 265(b) of the Code, and represents and warrants that the reasonably anticipated amount of "tax-exempt obligations" (other than "private activity bonds") which will be issued by this Board on behalf of the District during the 1996 calendar year will not exceed \$10,000,000.

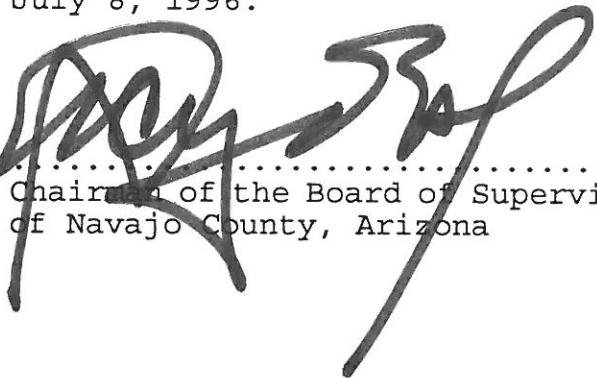
(C) This Board hereby represents and warrants that (i) the District has general taxing powers, (ii) the Bonds are not private activity bonds within the meaning of the Code, (iii) 95

percent or more of the net proceeds of the Bonds shall be used for local governmental activities of the District and (iv) the aggregate face amount of all tax-exempt bonds or obligations (other than private activity bonds within the meaning of the Code) issued by this Board on behalf of the District or by the District during the 1996 calendar year is not reasonably expected to exceed \$5,000,000.


Section 14. Severability. If any section, paragraph, subdivision, sentence, clause or phrase of this Resolution is for any reason held to be illegal or unenforceable, such decision will not affect the validity of the remaining portions of this Resolution. This Board hereby declares that it would have adopted this Resolution and each and every other section, paragraph, subdivision, sentence, clause or phrase hereof and authorized the issuance of the Bonds and the Certificates pursuant hereto irrespective of the fact that any one or more sections, paragraphs, subdivisions, sentences, clauses or phrases of this Resolution may be held illegal, invalid or unenforceable.

Section 15. Ratification of Actions. All actions of the officers and agents of the District and the County including this Board which conform to the purposes and intent of this Resolution and which further the issuance and sale of the Bonds and the Certificates as contemplated by this Resolution, whether heretofore or hereafter taken, are hereby ratified, confirmed and approved. The proper officers and agents of the County and the District are hereby authorized and directed to do all such acts and things and to execute and deliver all such documents on behalf of the County and the District as may be necessary to carry out the terms and intent of this Resolution.

PASSED, ADOPTED AND APPROVED by the Board of Supervisors of Navajo County, Arizona, on July 8, 1996.


.....
Chairman of the Board of Supervisors
of Navajo County, Arizona

ATTEST:


.....
Clerk of the Board of
Supervisors of Navajo
County, Arizona

APPROVED AS TO FORM:

O'Connor, Cavanagh, Anderson,
Killingsworth & Beshears, P.A.,
Bond Counsel

By.....
Richard E. Mitchell

EXHIBIT A

[FORM OF BOND]

(Form of Face of Bond)

REGISTERED
NO.

REGISTERED
\$.....

UNITED STATES OF AMERICA

STATE OF ARIZONA

COUNTY OF NAVAJO

BLUE RIDGE UNIFIED SCHOOL DISTRICT NO.32
OF NAVAJO COUNTY, ARIZONA
SCHOOL IMPROVEMENT BOND (PROJECTS OF 1994), SERIES 1996

"A" Interest Rate:	Maturity Date:	Original Issue Date:	CUSIP:
.....	July 1,	July 1, 1996

REGISTERED OWNER:

PRINCIPAL AMOUNT: DOLLARS

Blue Ridge Unified School District No. 32 of Navajo County, Arizona, a unified school district duly created under Title 15, Chapter 4, Article 3, Arizona Revised Statutes, as amended (the "District"), for value received, hereby promises to pay to the aforesaid registered owner, or registered assigns, the aforesaid principal amount on the aforesaid maturity date unless earlier redeemed, and to pay interest designated "A" interest on the principal amount from the aforesaid original issue date at the aforesaid interest rate on January 1, 1997, and on each July 1 and January 1 thereafter (each an "interest payment date") to its maturity or its redemption prior to maturity. The principal of and premium, if any, on this Bond are payable upon presentation and surrender hereof at the principal corporate trust office of Wells Fargo Bank of Arizona, N.A., in Phoenix, Arizona, as the initial "Bond Registrar and Paying Agent." "A" interest on this Bond is payable by check, dated as of the interest payment date, mailed to the registered owner hereof, as shown on the registration books maintained by the Bond Registrar and Paying Agent at the address appearing therein at the close of business on the 15th day of the calendar month next preceding that interest payment date (the "regular record date"). Payment of "A" interest on this Bond and, if adequate provisions for surrender are made, principal of and premium, if any, on this Bond may be made by wire transfer upon two days' prior written request to the Bond Registrar and Paying Agent specifying the wire address in the continental United States by any registered owner owning an aggregate principal amount of at least \$1,000,000 of the bonds of the series of which this Bond is one.

Any "A" interest on this Bond which is not timely paid or duly provided for shall cease to be payable to the registered owner hereof (or of one or more predecessor Bonds) as of the regular record date and shall be payable to the registered owner hereof (or of one or more predecessor Bonds) at the close of business on a special record date for the payment of that overdue "A" interest. The special record date shall be fixed by the Bond Registrar and Paying Agent whenever moneys become available for payment of the overdue "A" interest, and notice of the special record date shall be given to registered owners of the Bonds not less than 10 days prior thereto.

The principal of and "A" interest and premium, if any, on this Bond are payable in lawful money of the United States of America, on the respective dates when principal and interest become due.

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS BOND SET FORTH ON THE REVERSE HEREOF. THOSE PROVISIONS SHALL HAVE THE SAME EFFECT FOR ALL PURPOSES AS IF SET FORTH ON THE FACE HEREOF.

It is hereby certified, recited and declared (i) that all conditions, acts and things required by the Constitution and laws of the State of Arizona to happen, to be done, to exist and to be performed precedent to and in the issuance of this Bond and of the series of which it is one, have happened, have been done, do exist and have been performed in regular and due form and time as required by law; (ii) that the obligation evidenced by the series of Bonds of which this is one, together with all other existing indebtedness of the District, does not exceed any applicable constitutional or statutory limitation; and (iii) that due provision has been made for the levy and collection of a direct, annual, ad valorem tax upon taxable property within the District, over and above all other taxes authorized or limited by law, sufficient to pay the principal hereof and the interest hereon as each becomes due.

IN WITNESS WHEREOF, BLUE RIDGE UNIFIED SCHOOL DISTRICT NO.32 OF NAVAJO COUNTY, ARIZONA, has caused this Bond to be executed in the name of the District by the facsimile signature of the President of the Governing Board of the District and to be countersigned by the facsimile signature of the Chairman of the Board of Supervisors of Navajo County, Arizona.

BLUE RIDGE UNIFIED SCHOOL
DISTRICT NO.32 OF NAVAJO COUNTY,
ARIZONA

By.....(Facsimile).....
President, Governing Board

COUNTERSIGNED:

By.....(Facsimile).....
Chairman of the Board of Supervi-
sors of Navajo County, Arizona

(Form of Certificate of Authentication)

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within-mentioned Resolution and is one of the Blue Ridge Unified School District No. 32 of Navajo County, Arizona School Improvement Bonds (Projects of 1994), Series 1996.

Date of Authentication:

WELLS FARGO BANK OF
ARIZONA, N.A., as Bond Registrar
and Paying Agent

By.....
Authorized Representative

(Form of Reverse of Bond)

This Bond is one of a series of bonds indicated above (the "Bonds") in the aggregate principal amount of \$3,320,000 of like tenor except as to amount, maturity date, redemption feature, rate of interest and number, issued by the District to provide funds pursuant to a resolution of the Board of Supervisors of Navajo County, Arizona, duly adopted prior to the issuance hereof, all of the terms of which are hereby incorporated herein (the "Resolution"), and pursuant to the Constitution and laws of the State of Arizona relative to the issuance and sale of improvement bonds of school districts, and all amendments thereto, and all other laws of the State of Arizona thereunto enabling.

For the purpose of paying the principal of, interest on, premium, if any, on redemption and costs of administration of the registration and payment of this Bond, there shall be levied on all the taxable property in the District a continuing, direct, annual, ad valorem tax sufficient to pay all such principal, interest, premium and administration costs of and on this Bond as the same become due, such taxes to be levied, assessed and collected at the same time and in the same manner as other taxes are levied, assessed and collected.

(In addition to the "A" interest rate indicated above, the Bonds bear supplemental interest designated "B" interest during the interest accrual period set forth in the Resolution evidenced by fully registered Supplemental Interest Certificates which shall be owned, transferred and presented for payment separately from this Bond.)

The Bonds maturing on July 1, 1997 and on July 1, 1998 are not subject to redemption prior to maturity. The Bonds maturing on July 1, 2014 are subject to redemption prior to maturity, in whole or in part, on July 1, 2006, or any interest payment date thereafter, by the payment of a redemption price equal to the principal amount of each such Bond redeemed plus interest accrued to the date fixed for redemption plus a premium (calculated as a percentage of the principal amount of such Bonds to be redeemed) to be computed as follows:

<u>Redemption Dates</u>	<u>Premium</u>
July 1, 2006 and January 1, 2007	1.0%
July 1, 2007 and thereafter without premium	

The Bonds maturing on July 1, 2014, shall be redeemed prior to maturity on July 1, in the years and amounts set forth below, by payment of the principal amount of each Bond to be redeemed plus interest accrued to the date fixed for redemption, but without premium:

<u>Year</u>	<u>Principal Amount</u>
2012	\$ 305,000
2013	1,500,000

A remaining principal amount of \$1,085,000 of Bonds maturing on July 1, 2014, shall mature on July 1, 2014.

Notice of redemption of any such Bond will be mailed not more than 60 nor less than 30 days prior to the date set for redemption to the registered owner of such Bond or Bonds being redeemed at the address shown on the registration books for the Bonds maintained by the Bond Registrar and Paying Agent. Failure to give properly such notice of redemption shall not affect the redemption of any such Bond for which notice was properly given.

The Bond Registrar and Paying Agent shall maintain the registration books of the District for the registration of ownership of each Bond as provided in the Resolution. The Bond Registrar and Paying Agent may be changed without notice to or consent of the registered owners.

This Bond may be transferred on the registration books upon delivery and surrender hereof to the Bond Registrar and Paying Agent, accompanied by a written instrument of transfer in form and

with guaranty of signature satisfactory to the Bond Registrar and Paying Agent, duly executed by the registered owner of this Bond or his attorney-in-fact or legal representative, containing written instructions as to the details of the transfer. No transfer of this Bond shall be effective until entered on the registration books.

In all cases upon the transfer of this Bond, the Bond Registrar and Paying Agent shall transfer the ownership in the registration books and shall authenticate and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of authorized denominations (except that no Bond shall be issued which relates to more than a single principal maturity) for the aggregate principal amount which the registered owner is entitled to receive at the earliest practicable time in accordance with the provisions of the Resolution. The District and the Bond Registrar and Paying Agent shall charge the owner of such Bond, for every subsequent transfer of a Bond, an amount sufficient to reimburse them for any transfer fee, tax or other governmental charge required to be paid with respect to such transfer, and may require that such transfer fee, tax or other governmental charge be paid before any such new Bond shall be delivered.

The District and the Bond Registrar and Paying Agent shall not be required to issue or transfer any Bonds during a period beginning with the opening of business on the 15th business day next preceding any interest payment date and ending with the close of business on the interest payment date.

This Bond shall not be entitled to any security or benefit under the Resolution or be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by the Bond Registrar and Paying Agent.

(Form of Assignment)

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto
(Name and Address of Transferee)
the within Bond and irrevocably constitutes and appoints
..... attorney to transfer
the within Bond on the books kept for registration thereof, with
full power of substitution in the premises.

Dated:
Signature

Signature Guaranteed:

.....
Signature

Signature guarantee should be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other program acceptable to the Bond Registrar and Paying Agent.

Note: The signature(s) on this assignment must correspond with the name(s) as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

The following abbreviations, when used in the inscription on the face of the within Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM	-	as tenants in common
TEN ENT	-	as tenants by the entireties
JT TEN	-	as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT/TRANS MIN ACT - Custodian
(Cust) (Minor)

under Uniform Gifts/Transfers to Minors Act
(State)

Additional abbreviations may also be used though not included in the above list.

ALL FEES AND COSTS OF TRANSFER
SHALL BE PAID BY THE TRANSFEROR

EXHIBIT B

[FORM OF SUPPLEMENTAL INTEREST CERTIFICATE]

(Form of Face of Certificate)

REGISTERED
NO.....

REGISTERED
\$.....

UNITED STATES OF AMERICA

STATE OF ARIZONA

COUNTY OF NAVAJO

BLUE RIDGE UNIFIED SCHOOL DISTRICT NO.32
OF NAVAJO COUNTY, ARIZONA
SCHOOL IMPROVEMENT BONDS (PROJECTS OF 1994), SERIES 1996
SUPPLEMENTAL INTEREST CERTIFICATE

Payment
Date:

Original
Issue Date:

CUSIP:

_____ 1, 199__

July __, 1996

.....

REGISTERED OWNER:

"B" INTEREST AMOUNT: DOLLARS

Blue Ridge Unified School District No. 32 of Navajo County, Arizona, a unified school district duly created under Title 15, Chapter 4, Article 3, Arizona Revised Statutes, as amended (the "District"), for value received, hereby promises to pay to the aforesaid registered owner, or registered assigns, on the payment date specified above, the "B" interest amount specified above, which amount represents a portion of the interest designated "B" interest (computed on the basis of a 360-day year of twelve 30-day months) which shall become due and payable on such date on the outstanding principal amount of the District's School Improvement Bonds (Projects of 1994), Series 1996, dated July 1, 1996, issued in the principal amount of \$3,320,000 (the "Bonds"), for the period beginning on July 17, 1996, and ending June 30, 1997.

The "B" interest on the Bonds represented by this Certificate shall be payable to the registered owner hereof upon presentation and surrender of this Certificate at the principal corporate trust office of Wells Fargo Bank of Arizona, N.A., in Phoenix, Arizona, or its successor, as the initial "Bond Registrar and Paying Agent." If the date for making such payment shall be a legal holiday or a day on which the principal office of the Bond Registrar and Paying Agent is authorized or required by law to remain closed, such payment may be made on the next succeeding day which is not a legal holiday or a day on which such principal office is authorized or required by law to remain closed.

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS CERTIFICATE SET FORTH ON THE REVERSE HEREOF. THOSE PROVISIONS SHALL HAVE THE SAME EFFECT FOR ALL PURPOSES AS IF SET FORTH ON THE FACE HEREOF.

It is hereby certified, recited and declared (i) that all conditions, acts and things required by the Constitution and laws of the State of Arizona to happen, to be done, to exist and to be performed precedent to and in the issuance of this Certificate and of the series of which it is one, have happened, have been done, do exist and have been performed in regular and due form and time as required by law; (ii) that the obligation evidenced by the series of Certificates of which this is one, together with all other existing indebtedness of the District, does not exceed any applicable constitutional or statutory limitation; and (iii) that due provision has been made for the levy and collection of a direct, annual, ad valorem tax upon taxable property within the District, over and above all other taxes authorized or limited by law, sufficient to pay this Certificate as it becomes due.

IN WITNESS WHEREOF, BLUE RIDGE UNIFIED SCHOOL DISTRICT NO.32 OF NAVAJO COUNTY, ARIZONA, has caused this Certificate to be executed in the name of the District by the facsimile signature of the President of the Governing Board of the District and to be countersigned by the facsimile signature of the Chairman of the Board of Supervisors of Navajo County, Arizona.

BLUE RIDGE UNIFIED SCHOOL
DISTRICT NO.32 OF NAVAJO COUNTY,
ARIZONA

By.....(Facsimile).....
President, Governing Board

COUNTERSIGNED:

By.....(Facsimile).....
Chairman of the Board of Supervi-
sors of Navajo County, Arizona

(Form of Certificate of Authentication)

CERTIFICATE OF AUTHENTICATION

This Supplemental Interest Certificate is one of the Certificates evidencing the "B" interest described in the within-mentioned Resolution.

Date of Authentication:

WELLS FARGO BANK OF
ARIZONA, N.A., as Bond Registrar
and Paying Agent

By.....
Authorized Representative

(Form of Reverse of Certificate)

The Bonds and the "B" interest thereon evidenced by the Supplemental Interest Certificates of which this is one (the "Certificates") have been authorized by a resolution (the "Resolution") passed and adopted by the Board of Supervisors of Navajo County, Arizona, prior to the issuance of the Bonds. The Certificates are issued as fully registered Certificates, and are payable and bear "B" interest with respect to the Bonds, all as specifically set forth in the Resolution.

The Certificates are not subject to redemption prior to their payment date.

For the purpose of paying the principal of, interest on (including this interest), premium, if any, on redemption and costs of administration of the registration and payment of the Bonds, there shall be levied on all the taxable property in the District a continuing, direct, annual, ad valorem tax sufficient to pay all such principal, interest, premium and administration costs of and on the Bonds as the same become due, such taxes to be levied, assessed and collected at the same time and in the same manner as other taxes are levied, assessed and collected.

The Bond Registrar and Paying Agent shall maintain the registration books of the District for the registration of ownership of each Certificate as provided in the Resolution. The Bond Registrar and Paying Agent may be changed without notice to or consent of the registered owners.

This Certificate may be transferred upon the registration books upon delivery and surrender hereof to the Bond Registrar and Paying Agent, accompanied by a written instrument of transfer in form and with guaranty of signature satisfactory to the Bond Registrar and Paying Agent, duly executed by the registered owner of this Certificate to be transferred or his attorney-in-fact or legal representative, containing written instructions as to the details of the transfer. No transfer of any Certificate shall be effective until entered on the registration books.

In the event of the transfer of a Certificate, the Bond Registrar and Paying Agent shall enter the transfer of ownership in the registration books and shall authenticate and deliver in the name of the transferee or transferees one or more new fully registered Certificates of authorized denominations of the same series for the aggregate amount of "B" interest which the registered owner is entitled to receive at the earliest practicable time in accordance with the provisions of the Resolution. The District and the Bond Registrar and Paying Agent shall charge the owner of such Certificate, for every subsequent transfer of a Certificate, an amount sufficient to reimburse them for any transfer fee, tax or other governmental charge required to be paid with respect to such transfer, and may require that such transfer fee, tax or other governmental charge be paid before any such new Certificate shall be delivered.

This Certificate shall not be entitled to any security or benefit under the Resolution or be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by the Bond Registrar and Paying Agent.

(Form of Assignment)

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto
(Name and Address of Transferee)
the within Certificate and irrevocably constitutes and appoints attorney to transfer the within Certificate on the books kept for registration thereof, with full power of substitution in the premises.

Dated:
Signature

Signature Guaranteed:

.....
Signature

Signature guarantee should be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other program acceptable to the Bond Registrar and Paying Agent.

Note: The signature(s) on this assignment must correspond with the name(s) as it appears upon the face of the within Certificate in every particular, without alteration or any change whatever.

The following abbreviations, when used in the inscription on the face of the within Certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM	-	as tenants in common
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